

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2356 - SB 2218

January 23, 2012

SUMMARY OF BILL: Authorizes multi-step sealed bidding for any acquisition, subject to the approval of the chief procurement officer, rather than the Board of Standards. Authorizes competitive negotiation for contracts when the chief procurement officer deems such is in the state's best interest. Increases from \$25,000 to \$50,000, the maximum amount for delegated purchases made by a department. Increases from \$15,000 to \$50,000, the maximum amount for service contracts entered into at the procuring department level. Requires the chief procurement officer, rather than the Commissioner of the Department of General Services (TDGS), to approve contracts exceeding \$50,000.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- According to TDGS, the number of contracts overseen by the Central Procurement Office (CPO) will decrease as a result of this bill.
- According to TDGS, for FY10-11, the CPO oversaw 76 contracts valued between \$25,000.01 and \$50,000. These contracts will now be handled by the department procuring the goods.
- According to TDGS, enactment of this bill will not result in layoffs by the CPO. Employees currently responsible for the affected contracts will be reassigned to statewide contracts for goods and services.
- The 76 contracts will be disbursed across multiple state departments and agencies. Any increase in expenditures at the department level will be considered not significant because the number of contracts that any one department or agency receives will be minimal and can be handled within existing resources without an increased appropriation or reduced reversion.
- Therefore, the net impact to state government is not significant.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', written in a cursive style.

Lucian D. Geise, Executive Director

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